

OQUIRRH RECREATION AND PARKS DISTRICT

**Financial Statements
and
Report of Independent Certified Public Accountants**

December 31, 2008 and 2007

OQUIRRH RECREATION AND PARKS DISTRICT

Table of Contents

	Page
Report of Independent Certified Public Accountants	1-2
Management's Discussion and Analysis.....	3-9
Basic Financial Statements:	
Statements of Net Assets.....	10
Statements of Revenues, Expenses and Changes in Net Assets	11
Statements of Cash Flows	12
Notes to the Financial Statements	13-20
Report of Independent Certified Public Accountants on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21-22
Report of Independent Certified Public Accountants on Legal Compliance With Applicable Utah State Laws and Regulations.....	23-24

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Oquirrh Recreation and Parks District
Kearns, Utah

We have audited the accompanying basic financial statements of Oquirrh Recreation and Parks District as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Oquirrh Recreation and Parks District as of December 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 8, 2009 on our consideration of Oquirrh Recreation and Parks District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 3 through 9, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

May 8, 2009



Oquirrh Recreation and Parks District

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Oquirrh Recreation and Parks District's ("District") financial performance provides an overview of the District's financial position for the year ending December 31, 2008. Please read this analysis in conjunction with our financial statements that begin on page 10. The purpose of the District is "to provide park, recreation, or parkway services of every kind".

Financial Highlights

- Membership revenue decreased .6% primarily due to economic conditions.
- Admission revenue increased 5.4% primarily due to continuing marketing efforts, strong group sales, the continued excitement with a new outdoor recreation pool, splash pad, entry kiosk and restroom facilities built in 2006.
- Other revenue from programs, retail sales and concessions increased 3.9%, primarily due to increased sales to groups for use of the facility and increased sales of concession food items.
- Interest expense decreased 24.1% as a result of lower outstanding principal balances.
- Salaries and wages increased 9.9% as a result of adding a full-time group sales position, a salary survey and merit increases.
- Property tax revenue decreased 6.3% primarily due refunds issued by taxing authorities.
- Net assets increased \$445,561 in 2008.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's financial statements. The District maintains only one type of fund, which is an enterprise fund. An enterprise fund is used to account for operations in a manner similar to a private business. The District's financial statements are comprised of the following four components: 1) statement of net assets, 2) statement of revenues, expenses and changes in net assets, 3) statement of cash flows, and 4) notes to the financial statements. These financial statements and notes demonstrate the overall financial performance of the District and are prepared using the accrual basis of accounting.

Statements of Net Assets

The Statements of Net Assets (Page 10) shows the assets, liabilities and net assets of the District as of December 31, 2008 and 2007 respectively. Assets are divided into current,

capital and other assets to reflect the liquidity of the assets. Property and equipment include land, buildings and machinery that are used in connection with the District's operations. Current liabilities include all debts and obligations owed by the District to outside creditors, vendors, or banks that are payable within one year. Long-term debt includes debts or obligations owed by the District that are due more than one year from the date of the statement. Net assets are shown in two components; (1) the amount invested in capital assets and (2) unrestricted net assets. The amount reported as invested in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of the bond and note that are associated with the capital assets. Unrestricted net assets are the residual component of net assets. It consists of net assets that are not defined as 'invested in capital assets, net of related debt'.

Statements of Revenues, Expenses and Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets (Page 11) shows the District's income and expenses for the years ended December 31, 2008 and 2007 respectively, as well as the change in net assets for each year.

Statements of Cash Flows

The Statements of Cash Flows (Page 12) shows a summary of the District's cash receipts and disbursements from operating, financing and investing activities for the years ended December 31, 2008 and 2007 respectively.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the District's financial statements.

Financial Statement Comparison to Previous Years

Following is a comparison of selected financial information comparing the period ended December 31, 2008 with December 31, 2007, and December 31, 2007 with December 31, 2006, respectively. These comparisons are useful in identifying financial trends and changes that have occurred over the two years presented.

CONDENSED STATEMENTS OF NET ASSETS

Assets

	2008	2007	Change	% Change
Current assets	\$ 4,802,832	\$ 4,588,085	\$ 214,747	4.7%
Property and equipment (net)	11,761,169	12,019,551	(258,382)	-2.1%
Other assets	26,102	31,804	(5,702)	-17.9%
Total assets	<u>\$ 16,590,103</u>	<u>\$ 16,639,440</u>	<u>\$ (49,337)</u>	<u>-0.3%</u>

	2007	2006	Change	% Change
Current assets	\$ 4,588,085	\$ 3,837,964	\$ 750,121	19.5%
Property and equipment (net)	12,019,551	12,460,199	(440,648)	-3.5%
Other assets	31,804	28,725	3,079	10.7%
Total assets	<u>\$ 16,639,440</u>	<u>\$ 16,326,888</u>	<u>\$ 312,552</u>	<u>1.9%</u>

Liabilities and Net Assets

	2008	2007	Change	% Change
Current liabilities	\$ 829,573	\$ 872,926	\$ (43,353)	-5.0%
Long-term liabilities	1,009,155	1,460,700	(451,545)	-30.9%
Total liabilities	1,838,728	2,333,626	(494,898)	-21.2%
Net assets	14,751,375	14,305,814	445,561	3.1%
Total liabilities and net assets	<u>\$ 16,590,103</u>	<u>\$ 16,639,440</u>	<u>\$ (49,337)</u>	<u>-0.3%</u>

	2007	2006	Change	% Change
Current liabilities	\$ 872,926	\$ 940,218	\$ (67,292)	-7.2%
Long-term liabilities	1,460,700	2,003,640	(542,940)	-27.1%
Total liabilities	2,333,626	2,943,858	(610,232)	-20.7%
Net assets	14,305,814	13,383,030	922,784	6.9%
Total liabilities and net assets	<u>\$ 16,639,440</u>	<u>\$ 16,326,888</u>	<u>\$ 312,552</u>	<u>1.9%</u>

CONDENSED STATEMENTS OF REVENUES AND EXPENSES

	2008	2007	Change	% Change
Net operating revenue	\$ 1,885,138	\$ 1,840,630	\$ 44,508	2.4%
Operating expenses	4,056,675	3,732,153	324,522	8.7%
Net operating loss	(2,171,537)	(1,891,523)	280,014	14.8%
Non-operating revenue	2,617,098	2,814,307	(197,209)	-7.0%
Net income	\$ 445,561	\$ 922,784	\$ (477,223)	-51.7%

	2007	2006	Change	% Change
Net operating revenue	\$ 1,840,630	\$ 1,651,688	\$ 188,942	11.4%
Operating expenses	3,732,153	3,499,623	232,530	6.6%
Net operating loss	(1,891,523)	(1,847,935)	43,588	2.4%
Non-operating revenue	2,814,307	2,718,023	96,284	3.5%
Net income	\$ 922,784	\$ 870,088	\$ 52,696	6.1%

Results of Financial Operations

In 2008, the District reports a net income of \$445,561 or 51.7% less than the 2007 net income of \$922,784. This decrease is primarily due to increased salaries and wages expense and decreased property tax revenue. The 2008 net income amount represents 10% of total revenue (operating and non-operating) compared to 20% for the same period ending December 31, 2007. Operating revenue in 2008 increased 2.4% as use of the facilities increased primarily due to the new outdoor pool, splash pad and kiosk. The ability of the District to meet short-term obligations continues to be stable as current assets at December 31, 2008 are \$4,802,832 and current liabilities at the same time are \$829,573 or a ratio of nearly six to one.

Analysis of Account Balances

As of December 31, 2008 the District reports net assets at \$14,751,375, an increase of \$445,561 from December 31, 2007. As of December 31, 2007, net assets were \$14,305,814, an increase of \$922,784 from December 31, 2006.

Variance Between Original and Amended Budgets & Variance Between Amended Budget and Actuals

Variance Between Original and Amended Budgets

The 2008 amended budget reflected various changes from the original 2008 budget. The amended budget amount for property taxes and fee-in-lieu, based on the certified tax rate and property values was \$2,653,478 in 2008 compared to the original budget amount of \$2,576,092, or an increase of \$77,386.

Variance Between Amended Budget and Actuals

Actual results for 2008 reported by the District compare favorably to the amended budget. Net income for the year exceeded the budgeted amount as management was able to increase operating revenues by 5.9% and decrease operating expenses .3% compared to the amended 2008 budget.

The following represents the 2008 actual results compared to the amended budget:

	Actual	Amended Budget	Difference	% Change
Net operating revenue	\$ 1,885,138	\$ 1,779,721	\$ 105,417	5.9%
Operating expenses	4,056,675	4,068,088	(11,413)	-0.3%
Net operating loss	(2,171,537)	(2,288,367)	(116,830)	-5.1%
Non-operating revenue	2,617,098	2,720,867	(103,769)	-3.8%
Net income	\$ 445,561	\$ 432,500	\$ 13,061	3.0%

Capital Assets and Long-Term Debt

Capital Assets

As of December 31, 2008, the District had invested more than \$18 million in capital assets, including land, buildings and equipment. Significant 2008 capital investments included: UV filtration system on all pools (\$308,385), site improvements to facilities (\$99,213) and new fitness room equipment (\$13,100).

The following schedule presents capital asset balances at December 31, 2008, 2007 and 2006:

	2008	2007	Difference	% Change
Swimming pool	\$ 1,380,159	\$ 1,391,335	\$ (11,176)	-0.8%
Tennis clubhouse	421,470	421,470	-	0.0%
Equipment	758,493	800,105	(41,612)	-5.2%
Site improvements	3,738,156	3,324,529	413,627	12.4%
Buildings	10,870,631	10,872,105	(1,474)	0.0%
Park	834,628	834,628	-	0.0%
Land	546,171	546,171	-	0.0%
Total capital assets	18,549,708	18,190,343	359,365	2.0%
Accumulated depreciation	(6,788,539)	(6,170,792)	617,747	10.0%
Net capital assets	<u>\$ 11,761,169</u>	<u>\$ 12,019,551</u>	<u>\$ (258,382)</u>	<u>-2.1%</u>

	2007	2006	Difference	% Change
Swimming pool	\$ 1,391,335	\$ 1,391,335	\$ -	0.0%
Tennis clubhouse	421,470	421,470	-	0.0%
Equipment	800,105	711,107	88,998	12.5%
Site improvements	3,324,529	3,186,990	137,539	4.3%
Buildings	10,872,105	10,872,105	-	0.0%
Park	834,628	834,628	-	0.0%
Land	546,171	546,171	-	0.0%
Total capital assets	18,190,343	17,963,806	226,537	1.3%
Accumulated depreciation	(6,170,792)	(5,503,607)	667,185	12.1%
Net capital assets	<u>\$ 12,019,551</u>	<u>\$ 12,460,199</u>	<u>\$ (440,648)</u>	<u>-3.5%</u>

Long-Term Debt

As of December 31, 2008, the District had \$1,425,000 of general obligation bonds and other outstanding debt, of which \$455,000 is due within one year. This represents a decrease in long-term debt of \$494,321 from December 31, 2007. A comparison of the District's outstanding debt for the periods 2008 to 2007 and 2007 to 2006 is presented below:

	2008	2007	Change	% Change
General obligation bonds	\$ 1,425,000	\$ 1,865,000	\$ (440,000)	-23.6%
Note payable	0	54,321	(54,321)	-100.0%
Total bonds and notes	<u>\$ 1,425,000</u>	<u>\$ 1,919,321</u>	<u>\$ (494,321)</u>	<u>-25.8%</u>

	2007	2006	Change	% Change
General obligation bonds	\$ 1,865,000	\$ 2,285,000	\$ (420,000)	-18.4%
Note payable	54,321	314,407	(260,086)	-82.7%
Total bonds and notes	<u>\$ 1,919,321</u>	<u>\$ 2,599,407</u>	<u>\$ (680,086)</u>	<u>-26.2%</u>

The Future of the District

The District experienced a successful year as net income is reported at \$445,561, compared to \$922,784 for the year earlier. The financial status of the Oquirrh Recreation and Parks District indicates that the District will be in very stable financial condition in the foreseeable future. The District ended 2008 with approximately \$14.8 million of net assets compared with approximately \$14.3 million for the year earlier. With increased operational costs and the need to maintain the Fitness Center assets, it will be a challenge to continue to report similar numbers in the future. However, the District is committed to continuing to provide exceptional recreational services to the community while at the same time remaining on very stable financial ground.

The District is in the process of negotiating the long-term disposition of the Oval with the Utah Athletic Foundation (UAF). On July 1, 2008 title to the Oval Site reverted to the District and the UAF is operating the Oval Site pursuant to a month to month written lease. The financial impact of the disposition of the Oval remains unknown at this time.

Contacting the District's Executive Director

This financial report is designed to provide a general overview of the District's financial position. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Oquirrh Recreation and Parks District; Attn: Executive Director; 5624 South 4800 West; Kearns, UT 84118.

OQUIRRH RECREATION AND PARKS DISTRICT
Statements of Net Assets
December 31, 2008 and 2007

	2008	2007
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 4,734,655	\$ 4,544,834
Receivable - other	2,279	20,078
Property tax receivable	43,812	0
Prepaid expenses	22,086	23,173
Total current assets	<u>4,802,832</u>	<u>4,588,085</u>
Capital assets:		
Land	546,171	546,171
Property, plant and equipment	18,003,537	17,644,172
Total	18,549,708	18,190,343
Less: accumulated depreciation	(6,788,539)	(6,170,792)
Net capital assets	<u>11,761,169</u>	<u>12,019,551</u>
Other assets:		
Restricted cash - KYAT	8,867	8,824
Deferred charge - prepaid bond issuance cost	17,235	22,980
Total other assets	26,102	31,804
Total assets	<u>\$ 16,590,103</u>	<u>\$ 16,639,440</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 119,657	\$ 137,107
Payroll and related liabilities	136,116	103,547
Other accrued liabilities	7,415	9,269
Deposits	30	360
Interest payable	2,685	3,468
Current maturities - note payable	0	54,321
Current maturities - bond payable	455,000	440,000
Unearned revenue	108,670	124,854
Total current liabilities	<u>829,573</u>	<u>872,926</u>
Non-current liabilities:		
Kearns youth aquatic team	8,867	8,824
Compensated absences	30,288	26,876
Bond payable	970,000	1,425,000
Total non-current liabilities	<u>1,009,155</u>	<u>1,460,700</u>
Total liabilities	<u>1,838,728</u>	<u>2,333,626</u>
Net assets:		
Invested in capital assets, net of related debt	10,336,169	10,100,230
Unrestricted	4,415,206	4,205,584
Total net assets	<u>14,751,375</u>	<u>14,305,814</u>
Total liabilities and net assets	<u>\$ 16,590,103</u>	<u>\$ 16,639,440</u>

The accompanying notes are an integral part of these financial statements.

OQUIRRH RECREATION AND PARKS DISTRICT
Statements of Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2008 and 2007

	2008	2007
Operating revenues:		
Sales	\$ 1,989,772	\$ 1,945,160
Cost of goods sold	(104,634)	(104,530)
Total operating revenues	<u>1,885,138</u>	<u>1,840,630</u>
Operating expenses:		
Advertising and public relations	24,256	23,673
Bank service charges	19,438	13,257
Chemicals	51,439	50,256
Computer supplies	9,509	9,333
Depreciation	723,621	688,806
Employee benefits	348,628	289,661
Equipment	15,995	18,857
Insurance	68,767	61,716
Memberships and subscriptions	4,760	7,447
Miscellaneous	24,003	26,361
Office supplies	9,557	10,732
Payroll taxes	142,068	132,164
Permits and licenses	5,976	6,951
Postage	13,573	12,698
Printing	24,110	24,528
Professional service fees	74,983	35,551
Repair and maintenance	105,389	93,124
Salaries and wages	1,855,009	1,714,574
Special events	48,442	46,451
Supplies	71,232	65,898
Telephone	9,864	9,005
Travel and training	31,494	33,152
Utilities	374,562	357,958
Total operating expenses	<u>4,056,675</u>	<u>3,732,153</u>
Net operating loss	<u>(2,171,537)</u>	<u>(1,891,523)</u>
Non-operating revenues (expenses):		
Interest income	131,883	185,114
Property taxes and fee in lieu	2,570,614	2,741,366
Interest and amortization expense	(85,399)	(112,458)
Gain on sale of capital assets	-	285
Total non-operating revenues (expenses)	<u>2,617,098</u>	<u>2,814,307</u>
Change in net assets	445,561	922,784
Net assets, beginning of year	14,305,814	13,383,030
Net assets, end of year	<u>\$ 14,751,375</u>	<u>\$ 14,305,814</u>

The accompanying notes are an integral part of these financial statements.

OQUIRRH RECREATION AND PARKS DISTRICT
Statements of Cash Flows
For the Year Ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Receipts from customers	\$ 1,991,057	\$ 1,935,604
Payments to vendors	(1,252,268)	(1,086,037)
Payments to employees	(2,167,656)	(1,997,509)
Net cash used by operating activities	(1,428,867)	(1,147,942)
Cash flows from non-capital and related financing activities:		
Other income - property tax and fee in lieu	2,526,802	2,759,073
Proceeds from KYAT	43	8,824
Net cash provided by non-capital and related financing activities	2,526,845	2,767,897
Cash flows from capital and related financing activities:		
Purchase of capital assets	(465,239)	(248,158)
Proceeds from sale of capital assets	-	285
Principal paid on bond and note payables	(494,321)	(680,086)
Interest paid on bond and note payables	(80,437)	(112,041)
Net cash used by capital and related financing activities	(1,039,997)	(1,040,000)
Cash flows from investing activities:		
Interest received	131,883	185,114
Net cash provided by investing activities	131,883	185,114
Net increase in cash and cash equivalents	189,864	765,069
Cash and cash equivalents, beginning of year	4,553,658	3,788,589
Cash and cash equivalents, end of year	<u>\$ 4,743,522</u>	<u>\$ 4,553,658</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (2,171,537)	\$ (1,891,523)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	723,621	688,806
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables	17,799	(10,563)
Prepaid expenses	1,087	(1,020)
Increase (decrease) in:		
Accounts payable	(17,450)	57,385
Accrued liabilities	33,797	8,101
Unearned revenue	(16,184)	872
Net cash provided by operating activities	<u>\$ (1,428,867)</u>	<u>\$ (1,147,942)</u>

The accompanying notes are an integral part of these financial statements.

OQUIRRH RECREATION AND PARKS DISTRICT
Notes to the Financial Statements
December 31, 2008 and 2007

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Oquirrh Recreation and Parks District (hereafter referred to as the District) is a political subdivision of the State of Utah, created by ordinance of the Salt Lake County commission in February 1962. The District provides recreational programs, facilities and services to residents of the Kearns area of Salt Lake County, Utah. The District is governed by an elected board of trustees. Administrative, financial and budgetary responsibilities are vested in the general manager who is a full-time employee of the District. All of the services provided by the District and the activities and funds that are financially accountable to the District as defined by GASB Statement 14 are included in the financial statements.

Financial Reporting Model

The District implemented a new financial reporting model in 2004, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Measurement Focus and Basis of Accounting

The District is an enterprise fund which is reported using the economic resources measurement focus and the accrual basis of accounting. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues are recognized when they are earned, expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Sources of Revenue

The District receives property tax revenue from taxes and fees levied on property located within the taxing district and the motor vehicle fees collected and disbursed by Salt Lake County. Additional revenues are provided through rental charges to Granite School District and Salt Lake County and usage fees charged to the general public.

OQUIRRH RECREATION AND PARKS DISTRICT
Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Presenting financial statements in conformity with generally accepted accounting principles requires management to make certain estimates concerning assets, liabilities, revenues and expenses. Actual results may vary from these estimates.

Property Equipment and Depreciation

Purchased property and equipment are recorded at cost and donated items are recorded at their estimated fair value. All assets are depreciated using the straight-line basis over the following estimated useful lives:

Swimming pool and building	10 - 40 years
Tennis courts	15 - 20 years
General equipment	5 - 10 years
Office equipment	3 - 8 years
Site improvements	2 - 10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. When material, interest incurred during the construction phase of fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

The District is exempt from all federal and state taxation in its capacity as a political subdivision created by Utah State law.

Property Taxes

The property taxes of the District are levied, collected and distributed by Salt Lake County as required by Utah State law. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess property as of January 1st and complete the tax rolls by May 15th. By July 21st the County Auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the County Board of Equalization between August 1st and August 15th for a revision of the assessed value. Approved changes in assessed value are made by the County Auditor by November 1st, who also delivers the completed assessment rolls to the County Treasurer on that same date. Tax notices have a due date of November 30th.

OQUIRRH RECREATION AND PARKS DISTRICT
Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

2. DEPOSITS AND INVESTMENTS

Deposits and investments for the District are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the District's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of December 31, 2008 and 2007, \$0 and \$2,095,170 of the District's bank balance of \$193,822 and \$2,195,170 respectively were uninsured and uncollateralized.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The District is authorized to invest in the Utah Public Treasurer's Investment fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balances.

For the years ended December 31, 2008 and 2007, the District had investments of \$4,549,299 and \$2,356,837 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

OQUIRRH RECREATION AND PARKS DISTRICT
Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

3. PROPERTY AND EQUIPMENT

Changes in property and equipment consist of the following for the year ending December 31, 2008:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 546,171	\$ -	\$ -	\$ 546,171
Total capital assets, not depreciated	546,171	-	-	546,171
Capital assets, being depreciated:				
Swimming pool and additions	1,391,335	-	(11,176)	1,380,159
Tennis clubhouse	421,470	-	-	421,470
Recreational equipment	435,927	18,807	(19,582)	435,152
Maintenance equipment	105,390	8,312	-	113,702
Office equipment	249,075	8,427	(57,576)	199,926
Site improvements	3,324,529	429,693	(16,066)	3,738,156
Cost of utility service	9,713	-	-	9,713
Building addition 1998	10,872,105	-	(1,474)	10,870,631
Park	834,628	-	-	834,628
Total capital assets, depreciated	17,644,172	465,239	(105,874)	18,003,537
Less: accumulated depreciation	(6,170,792)	(723,621)	105,874	(6,788,539)
Total capital assets depreciated, net	11,473,380	(258,382)	-	11,214,998
Capital assets, net	\$ 12,019,551	\$ (258,382)	\$ -	\$ 11,761,169

OQUIRRH RECREATION AND PARKS DISTRICT
Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

4. LONG-TERM DEBT

In April 2001, the District issued and sold General Obligation Refunding Bonds in the amount of \$3,670,000. The proceeds were used for achieving a debt service savings.

GENERAL OBLIGATION RECREATION REFUNDING BONDS APRIL 1, 2001

Fiscal Year Ended	Interest Rate	Bond Principal	Interest	Total
12/31/2009	4.20%	\$ 455,000	\$ 61,078	\$ 516,078
12/31/2010	4.25%	475,000	41,968	516,968
12/31/2011	4.40%	495,000	21,780	516,780
		<u>\$ 1,425,000</u>	<u>\$ 124,826</u>	<u>\$ 1,549,826</u>

On April 29, 1998 the District obtained a long-term note payable, which was secured by the recreation facility. The interest rate and payments are subject to change as the prime rate changes. The rate at December 31, 2007 was 5.25%. This note matured in April 2008 at which time the District made its final payment.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2001 refunding bonds	\$ 1,865,000	\$ -	\$ 440,000	\$ 1,425,000	\$ 455,000
Bank note payable	54,321	-	54,321	-	-
Compensated absences	71,269	74,913	58,532	87,650	57,362
Total	<u>\$ 1,990,590</u>	<u>\$ 74,913</u>	<u>\$ 552,853</u>	<u>\$ 1,512,650</u>	<u>\$ 512,362</u>

OQUIRRH RECREATION AND PARKS DISTRICT
Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

5. LEASE OF FACILITIES

Effective July 1, 1990, the District and Granite School District entered into an agreement to lease the facilities of the District. The agreement allows Kearns High School the use of the enclosed swimming pool facilities and tennis courts for several hours per day during the school year up to a maximum of 180 days.

The agreement also provides that the High School pay a base rental. The payments are due in nine equal monthly installments from September to May. Starting July 1, 1992 and each July 1st thereafter, the base rates are subject to increase in accordance with the Consumer Price Index. The payments were \$10,175 per month from January to May 2007 and were \$10,378 from September 2007 to May 2008. The payments increased to \$10,897 from September to December 2008.

6. EMPLOYEE RETIREMENT PLANS

Plan Description

The District contributes to the Local Government Noncontributory Retirement System, a 457, and a 401(k) Retirement Plan administered by the Utah Retirement Systems (Systems). The Systems are cost-sharing multiple employer retirement systems providing defined benefits on years of service and highest average salaries.

Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended and which also established the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office, and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy

In the Local Government Noncontributory Retirement System, the District is required to contribute 11.62% (January – December 2008) of eligible employees annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

OQUIRRH RECREATION AND PARKS DISTRICT
Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

6. EMPLOYEE RETIREMENT PLANS (CONTINUED)

The District's contributions to the Local Government Noncontributory Retirement System for the years ending December 31, 2008, December 31, 2007 and December 31, 2006 were \$76,788, \$68,990 and \$68,453 respectively. The contributions were equal to the required contributions for each year.

401(k) Plan

The District offers its employees additional retirement benefits through a 401(k) plan. The District contributes to this plan on behalf of selected employees, an amount approved by the Board. The benefits are not available to employees or their beneficiaries until termination, retirement, death, or unforeseeable emergency and are administered by the Utah State Retirement Systems. The employees have the option to contribute amounts in excess of the District's contributions, but not exceeding statutory limitations.

Employee-paid contributions for 2008, 2007 and 2006 were \$13,684, \$12,349 and \$13,574 respectively. Employer-paid contributions to the plan for 2008, 2007 and 2006 were \$30,386, \$28,115 and \$27,996 respectively.

457 Plan

The District also provides a 457 plan administered by the Utah State Retirement Systems (see above). Employee-paid contributions for 2008, 2007 and 2006 were \$28,991, \$30,171 and \$31,396 respectively. There were no employer-paid contributions to the plan for 2008, 2007 and 2006.

7. OVAL MANAGEMENT AGREEMENT

The District entered into a Speed Skating Oval Agreement with the Utah Sports Authority and its successors dated August 1, 1993 (the "Oval Agreement"). As required by the Oval Agreement, by special warranty deed dated June 16, 1994, the District conveyed a certain tract of land (the "Oval Site") to the Utah Sports Authority for the construction and operation of a speed skating oval. Under the terms of the deed, title to the Oval Site, together with title to all improvements, buildings, fixtures, appurtenances, equipment and personal property located thereon shall revert to the grantor (District) January 1, 2008.

As of January 1, 2008, two three month extensions on transfer of ownership over the Oval Site to the District were validated, thus, extending legal transfer to July 1, 2008. On that date, title to the Oval Site reverted to the District and the Oval Site is now operating pursuant to a written lease with the District. The District and UAF are continuing to negotiate the final operating terms of this transfer and hope to have a final settlement in a future period.

OQUIRRH RECREATION AND PARKS DISTRICT
Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

8. LEGACY FUND

The non-profit UAF was established by the State Legislature to own and operate state-built Olympic facilities following the 2004 Olympic Winter Games. The Salt Lake Organizing Committee (SLOC) agreed to purchase those facilities from the State for \$99,000,000. Of that amount, \$59,000,000 was dedicated to repay state and local governments for sales taxes diverted to the Utah Sports Authority to construct the facilities. The remaining \$40,000,000 was to be paid to the UAF to establish a Legacy Fund to operate the state-built facilities after the games. Due to the success of the games, it has been reported that an amount of approximately \$76,500,000 was received by the UAF from SLOC. It is the District's understanding that the Legacy Fund is being used by the UAF to cover current operating and capital costs at the Oval Site and that, pursuant to the Oval Agreement, money from the Legacy Fund will be used to assist in funding future operating costs and winter sports development at the Oval Site. The UAF also owns and operates the Winter Sports Park located at Bear Hollow in Summit County.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has joined with other public entities in a common risk management and insurance program. The District pays premiums to this risk pool, the Utah Local Governments Trust, for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of specified amounts for certain types of risks. The District is subject to a minimal deductible for claims of the risk pool. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Oquirrh Recreation and Parks District

We have audited the financial statements of Oquirrh Recreation and Parks District as of and for the year ended December 31, 2008, and have issued our report thereon dated May 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oquirrh Recreation and Parks District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oquirrh Recreation and Parks District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the board of trustees, management and Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

May 8, 2009

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

INDEPENDENT AUDITOR'S REPORT ON LEGAL COMPLIANCE WITH APPLICABLE UTAH STATE LAWS AND REGULATIONS

Board of Trustees
Oquirrh Recreation and Parks District

We have audited the financial statements of Oquirrh Recreation and Parks District for the year ended December 31, 2008, and have issued our report thereon dated May 8, 2009. The District received the following nonmajor grant which was not required to be audited for specific compliance requirements:

Youth Connections (Division of Workforce Services)

Our audit included testwork on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Purchasing Requirements	Property Tax
Cash Management	Budgetary Compliance	Special Districts
Other General Issues	Utah Retirement Systems	

The District did not receive any major State grants during the year ended December 31, 2008.

The management of Oquirrh Recreation and Parks District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Oquirrh Recreation and Parks District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2008.

This report is intended solely for the information of the board of trustees, management and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

May 8, 2009